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SUBJECT: AMBASSADOR, ELECTRICITY MINISTER DISCUSS NUCLEAR
ENERGY COOPERATION, CONVENTIONAL POWER AND RENEWABLE ENERGY
SOURCES

REF: CAIRO 190

11. Summary: During the Ambassador's introductory call on Electricity and Energy Minister Hassan Younes June 3, Younes expressed interest in renewing bilateral cooperation on civilian nuclear power, and specifically requested technical assistance training on regulatory matters. Younes said that the GOE has finalized its draft nuclear regulatory bill in consultation with the IAEA and plans to submit the bill to parliament in the fall of 2008. He noted that the GOE plans to finance its nuclear power industry with public funds. Younes said that the GOE has a plan to add to its annual conventional electricity production capability through 2027, and is committed to developing solar and wind power. The Ambassador reaffirmed U.S. support for a bilateral partnership to develop Egyptian civilian nuclear power, and noted that Ambassador Wolcott's delegation would discuss specific means of cooperation during its June 8-9 visit to Cairo. The Ambassador advocated on behalf of Bechtel's nuclear consulting bid, and Emerson Corporation's bid to upgrade controls at a conventional power plant. End Summary.

Nuclear Energy Cooperation

12. The Minister praised previous U.S.-Egyptian nuclear energy cooperation efforts, and said he is interested in renewing this partnership. Minister Younes said he and Energy Secretary Bodman agreed in January (reftel) to continue bilateral cooperation on nuclear and conventional power. The Ambassador noted Ambassador Wolcott's upcoming June 8-9 visit to Cairo, and said that the U.S. delegation will be discussing bilateral nuclear energy cooperation with GOE counterparts. The Ambassador said that the U.S. hopes to partner with the GOE to develop Egyptian resources and technical capacity for civilian nuclear energy. The Ambassador urged the Minister to strongly consider Bechtel's bid for the nuclear power plant consulting contract the GOE is currently reviewing. The Minister noted that, separately, Bechtel has formed a partnership with an Egyptian company to develop conventional power plants in Egypt.

13. Younes said that following close consultation with the IAEA, the GOE has finalized its draft bill that will establish an independent regulatory structure for licensing nuclear power plants. Younes noted that the GOE had worked with the IAEA to ensure that the draft bill complies fully with international regulations. He said that the GOE plans to introduce the bill to parliament during the November 2008 fall session. Younes said that the GOE plans to fund the nuclear power plants "100 percent" with public money in order to mitigate the high risk involved in such a venture. He

said that the GOE had studied neighboring countries' attempts to begin a civilian nuclear industry, and concluded that all private efforts had failed. Younes assessed that if the GOE assumed the financial risk, with the assistance of loans from international funding agencies, the overall cost of the project would be lower. He expressed an interest in receiving technical assistance from the U.S. to train his staff in nuclear regulatory issues. The Ambassador suggested that the Minister could visit Oak Ridge or Sandia National Labs to view U.S. nuclear research.

Conventional Power

14. Younes said that the GOE plans to add 1500-1700 Megawatts annually to its conventional electrical power capability through 2027. He noted that GOE-owned, privately operated companies supply electrical power to Egyptian consumers with subsidized fuel, lowering prices significantly. The Ambassador said that a U.S. Company, Emerson Corporation, is bidding on a contract to upgrade controls at the West Delta Power Plant, and encouraged the Minister to consider its bid. The Ambassador said that Emerson had discounted its bid, and that its Japanese competitor had then done the same. The Minister said that the GOE would not take the discounts into consideration when choosing between the two companies, but would plan to pay the eventual contract at the discounted price.

Renewable Energy

15. Younes said that Egypt is exploring energy alternatives to fossil fuels, such as nuclear, solar and wind power, out of necessity. He said that fossil fuels are increasingly expensive, are a limited and finite resource, and are in great demand from consumers. He noted that Egypt has much potential for harnessing renewable energy sources, and said that in cooperation with the Danish Reno Institute, Egypt had finalized a "wind atlas" that has tracked Egyptian wind patterns over the past several years. The Minister said that solar power is very expensive, but the GOE has started work on a solar-thermal power plant, in cooperation with a similar plant in California, that is scheduled for completion in 2010.

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